

**CITY OF MARION
GENERAL COUNCIL MEETING
13 March 2018**

CONFIDENTIAL REPORT

Originating Officer: James O'Hanlon, Unit Manager Sport & Recreation
Manager: Carol Hampton, Manager City Property
General Manager: Abby Dickson, General Manager City Development
Subject: Management Model for Regional Facilities
Reference No: GC130318F04

If the Council so determines, this matter may be considered in confidence under Section 90(2) and (3)(a) and (d) of the *Local Government Act 1999* on the grounds that the report contains:

- information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead) and
- commercial information of a commercial nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of a person who supplied the information, or to confer a commercial advantage on a third party; and would, on balance, be contrary to the public interest.



Adrian Skull
Chief Executive Officer

RECOMMENDATION

1. That pursuant to Section 90(2) and (3) (a) and (d) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Chief Executive Officer; Tony Lines, General Manager City Services; Vincent Mifsud, General Manager Corporate Services; Abby Dickson, General Manager City Development; Kate McKenzie, Manager Corporate Governance; Craig Clarke, Unit Manager Communications; Carol Hampton, Manager City Property; James O'Hanlon, Unit Manager Sport and Recreation Facilities and Jaimie Thwaites, Unit Manager Governance and Records, be excluded from the meeting as the Council receives and considers information relating to Management Model for Regional Facilities, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to personal affairs and commercial information of a confidential nature.

REPORT OBJECTIVE

The purpose of this report is to seek endorsement from Council on management models for the City's regional sport and recreational facilities. This includes the appointment of Council funded Facility Managers to regional sport and recreational facilities that meet the criteria set out in this report.

EXECUTIVE SUMMARY

Council has recognised the need to have a governance model in place at regional facilities which supports a financially sustainable model and maximises community utilisation of facilities. It is proposed that Council considers funding Facility Managers in regional facilities to support good governance, sound financial management and to support activities and services that result in well-utilised facilities that meet community needs.

Under the new Leasing and Licencing Policy organisations are required to meet various criteria to receive a rent subsidy. Where Council subsidises a Facility Manager it is proposed that a funding agreement would be entered into with the Management Committee/Board and funding would be subject to the achievement of specific key performance indicators. This will ensure compliance with established indicators and the attainment of objectives which will focus on:

- Governance compliance
- Increased utilisation
- Diversity of community activities and services provided
- Achievement of financial targets

The achievement of the above objectives is dependent on the attraction and retention of a skilled and experienced Facility Manager. Council regional facilities excluding Club Marion and Marion Leisure and Fitness Centre do not have the financial capacity to employ a suitably qualified Facility Manager.

Due to the limited financial capacity of non-profit associations, this report provides Council with recommendations regarding the most suitable management model for the City's existing regional sporting and community facilities.

RECOMMENDATION

DUE DATES

That Council:

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| 1. Notes the report. | 13 March 2018 |
| 2. Endorses Administration to undertake engagement with the Cove Sports and Community Club committee and affiliated clubs in regards to the appointment of a Council funded Facility Manager on a part time basis (up to 28 hours per week) | 13 March 2018 |
| 3. Requires Administration to bring back a report outlining the outcomes of the consultation with Cove Sports and Community Club committee and affiliated clubs by end May 2018. | May 2018 |

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| <p>4. Notes a further report will be brought to Council in regards to a Facility Manager for Mitchell Park Sports and Community Centre redevelopment when funding is secured for the redevelopment and the final project scope is determined.</p> <p>5. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Committee orders that this report, Management Model for Regional Facilities and the minutes arising from this report having been considered in confidence under Section 90(2) and 3 (a) and (d) of the Act, except when required to effect or comply with the Committee's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2018.</p> | <p>13 March 2018</p> <p>December 2018</p> |
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BACKGROUND

The planning for both the Edwardstown Soldiers Memorial Recreation Grounds (ESMRG) and Mitchell Park Sports and Community Centre (MPSCC) redevelopment projects identified a need for sustainable management models for Council's regional sporting and community facilities. Investigations were undertaken into a range of management models in current use or proposed facilities to assist with determining best practice management model for these two facilities post redevelopment.

At the General Council meeting on 8 August 2017 (GC080817F02) Council endorsed the management and financial model for the ESMRG and sought a further report on the cost and benefits of funding professional managers (part time or otherwise) for Council's regional facilities which are managed by non-profit associations.

Although a cost implication exists for Council, the potential broader community benefits justifies consideration of this investment in the immediate, short and long term. The proposed Facility Manager positions would range from part time to full time and would oversee the following areas:

- Facilitating all aspects of the facility including the day-to-day operations and the development of community programs and services ensuring the facility is well utilised and meeting the needs of the community.
- Promoting the services available from the facility to the wider community.
- Developing and monitoring policies, procedures, and MOUs with partner organisations.
- Managing the bookings and other hiring and utilisation issues.
- Promoting communication amongst affiliated clubs, service providers, encouraging a multi-disciplinary approach to service provision and fostering a culture of cooperation.
- Overseeing all contractors, sub-contractors and staff/volunteers providing services within the site and associated processes to provide effective

governance and meet the goals and objectives of Council and associated committees, affiliates or user groups of the facility.

- Ensuring compliance to reporting responsibilities including Annual General Meetings, Financial Statements and Minutes.
- Assisting with the financial sustainability of the facility.

DISCUSSION

There are currently five leased sites that are classed as Regional Sporting and Community Facilities as per Council's Community Facilities Draft Framework, these are:

1. Edwardstown Soldiers Memorial Recreation Grounds
2. Cove Sports and Community Club
3. Mitchell Park Sports and Community Club
4. Marion Sports and Community Club
5. Marion Leisure and Fitness Centre

The classification of a Regional Facility as per Council's Community Facilities Draft Framework is a facility that:

- Caters for a population of 20,000 or more.
- Integrates competition and recreational forms of participation and provides a broad range of activities and programs for a large number of participants across local and regional geographic catchments, generally beyond a single local council area.
- Generates usage via sporting events as a specialised venue (for multi-sports) or sport specific service.
- Provides multifaceted facilities that also cater for community needs that are unable to be addressed through local or neighbourhood provision, either because of the scale of the facility or because of the specialist nature of the activity.

MANAGEMENT MODELS

The following management models have been identified as being suitable for the City's regional sporting and community facilities:

1. Skills Based Board

Council facilitates the establishment of a Board with specific skills sets to undertake the day-to-day operations of the facility with sound governance and reporting functionality to meet Council objectives for the facility.

A skills based board is established to specifically achieve detailed business and strategic plans and will include people with no direct association to the affiliated clubs or groups using the facility.

Facility revenue and expenses are managed centrally by the Board with funds being redistributed to affiliates via a dividends model.

Council retains oversight on the lessee through conditions set out in the lease regarding governance, reporting and meeting community benchmarks.

The Board employs the facility manager and ensures the facility is managed professionally and meets the overall objectives of the centre.

The key risk associated with this model is failure to recruit suitably skilled people to the board. This can be mitigated through a targeted approach made to relevant peak bodies and other organisations.

2. Leases Arrangement

A committee usually consisting of volunteers from the club's membership base oversees the day to day operations of the club and facilitates the delivery of the club's business plans. Council has oversight on the tenant through conditions set out in the leasing agreement regarding governance, reporting and meeting community benchmarks.

This model is suitable and is the most common arrangement Council has with sporting and recreation grounds. This model suits all facilities ranging from small independent clubs right through to regional facilities with diverse usage by multiple clubs and community groups.

3. Council Funded Facility Manager

This model involves Council subsidising the Facility Manager position of a regional facility similar to Edwardstown and Mitchell Park with reporting lines to the committee.

The position is employed by the Committee managing the facility.

This model enables Council to have oversight, ensuring that Council endorsed objectives particularly around community objectives are met and where possible exceeded.

These objectives make up part of a funding agreement between Council and the Committee, with Council subsidising the Facility Manager position on the provision targets are achieved. This model is recommended to be applied to the Cove Sports and Community Club to support an improvement in governance, utilisation and meeting community benchmarks.

RECOMMENDED MANAGEMENT MODELS FOR COUNCIL'S REGIONAL FACILITIES

There are currently a number of models in place for the management of Council's regional sporting facilities. The following section discusses the management models in place and identifies where change is recommended, specifically Cove Sports and Community Centre.

Marion Sports and Community Club

Of the five regional facilities it should be noted that Marion Sports and Community Club has paid staff including a full-time General Manager, which is fully funded by the Club with no contribution from Council. This facility is able to facilitate this model due

to the unique financial position of the Club, with an income stream derived from the onsite gaming machines; this is unavailable to other regional sporting and recreational facilities within the City of Marion. Due to the established and successful management model that the Club operates under there is no need to consider any changes at this site.

The Club is about to enter into a new lease which will require them to meet various reporting requirements to obtain a rent subsidy. This will enable Council to monitor governance, finances, and utilisation and ensure maximum community benefit.

Edwardstown Soldiers Memorial Recreation Ground and Mitchell Park Sports and Community Club

With the redevelopment of ESMRG, a significant change to the management of the site was introduced. This included a new constitution, a new skill based board and the introduction of a new management model.

Affiliate clubs will continue to manage their own affairs in the same manner that they have been. The key change being access to a new multi-use facility that will, under the operations of the Board of Management, enable greater opportunities to expand the revenue of the site along with usage by the wider community.

Council is currently seeking external funding to facilitate the redevelopment of the Mitchell Park Sports and Community Centre (MPSCC). Should redevelopment progress within its current scope the project would meet the criteria of a Regional Sporting and Recreational Facility.

It is recommended should the MPSCC project proceed, a skills based board, similar to the ESMRG, would be introduced to the facility; and consideration would be given to subsidising a part-time or full-time Facility Manager position.

The subsidy of both the MPSCC and the ESMRG Facility Manager Positions will be reviewed annually and amended as required based on the financial position of the overseeing boards. This strategy also aligns itself with the Section 48 for both projects. This will require monitoring in relation to potential MPSCC project downsizing or change of scope to ensure that the project continues to meet the requirements of needing a Facility Manager position at the redeveloped facility.

High-level consultation has been undertaken with the Mitchell Park Club Committee and affiliates in relation to the proposed management model. Further consultation will be undertaken once the project is funded incorporating lessons learnt from the ESMRG.

Marion Leisure and Fitness Centre (MLFC)

After an extensive review of the management of the MLFC including a Request for Proposal for Management/ Utilisation of Council Facility, it was determined to enter into a lease arrangement, whereby the lessee is responsible for the management of services and programs provided at the site. This has provided a financial return to Council and achieved high utilisation and as such no changes are recommended to the model installed at this facility.

The lease was entered into prior to the adoption of the new Leasing and Licensing of Council Owned Facilities consequently, the lessee does not have subsidised rent or

reporting requirements. The lease expires in June 2021 at which time a review of performance and lease conditions will be undertaken.

Cove Sports and Community Club

The Cove Sports and Community Club (CSCC) currently employs and funds a part time Facility Manager for approximately 20 hours per week. Unfortunately this position in its current form is not achieving expected standards in financial reporting or due diligence.

Recently an independent consultant undertook a review of the CSCC's management and financial operations with the report indicating that no fraudulent mismanagement is occurring however there exists a significant lack of leadership, planning and communication within the committee itself and management with no action plan in place for increasing utilization or community benefit outside the affiliated AFL club. The report also stated that a significant change in club culture will be required to reach the goals of an inclusive community facility. A copy of this report is attached as appendix 1.

The current manager's contract will expire in March 2018 providing an opportunity for change management to occur. It is recommended that a Facility Manager be employed on a part time basis of up to 28 hours per week.

It is proposed that using the framework in place for the Facility Manager at the EMSRG that Council considers subsidising the Cove Sports Board to employ a Facility Manager with the appropriate skillset. A funding agreement reviewed annually based on performance and financial position between Council and the CSCC will ensure the expectations of Council in relation to effective governance, improved relationships with Council and greater utilisation of the facility by clubs and the wider community are achieved.

A suitably qualified Facility Manager would be recruited for with experience and skills in the areas of governance, financial management and leadership.

This proposal will represent a significant change for the Committee and its affiliated clubs and must be approached with sensitivity and allow for a transition period. In managing this change, Administration will reflect on the learnings from the consultation undertaken with the Edwardstown Oval Committee and affiliated clubs. Should Council support funding a CSCC Facility Manager, interim arrangements will be put in place to enable operations to continue when the current manager concludes their employment in March 2018.

CONSULTATION

Cove Sports Community Club

The proposed management model for Cove Sports Community Club is a significant change to what has previously occurred. Up to now clubs have relied heavily on volunteers or paid staff with limited skills to support good governance and community utilisation.

Over the last few years Administration staff have worked closely with the Cove Sports and Community Club to support them to improve the governance, financial management, community utilisation etc. Unfortunately, to date improvements have been very minor.

To employ a Facility Manager would be a significant change for the CSCC and will require consultation with the Committee and affiliates. Should Council support funding a Facility Manager, the concept would be presented to the board at their March meeting and Administration would work closely with all stakeholders.

Edwardstown Soldiers Memorial Recreation Ground

Extensive consultation was undertaken with EMSRG to develop the management model, which was supported, by the board and affiliates.

Mitchell Park Sports and Community Club

Initial consultation has occurred with the existing Mitchell Park Sports and Community Club regarding a skills based board and appropriately skilled Facility Manager. Further consultation will be undertaken once the project is able to proceed.

FINANCIAL IMPLICATIONS

Should the Cove Sports and Community Club support Council funding a part-time Facility Manager, it is anticipated that up to \$[REDACTED] in the 2017/18 budget would be required through the third budget review process. An ongoing allocation (indexed) of up to \$[REDACTED] per annum which includes staff on costs would be required in the operating budget for a Facility Manager position at the Cove Sports and Community Club.

The ESMRG Facility Manager position is currently being advertised with a salary of \$[REDACTED] p.a. and is a full-time position which is required to meet the objectives of the project. An ongoing allocation for this position was endorsed at the 8 August 2018 General Council meeting (GC080817F02).

The MPSCC Facility Manager position along with the CSCC position is envisaged to require only a part-time position. The final outcome of this will rely on the final project scope for the redevelopment and would require a similar allocation of \$[REDACTED] p.a. (indexed annually) as per the CSCC Facility Manager. If the MPSCC project scope increases or decreases then this will need to be reviewed.

CONCLUSION

It is recommended that Council endorse the proposed management model for Cove Sports and Community Club and the Mitchell Park Sports and Community Club which will require funding for a Facility Manager in sites deemed to be of a regional value.

This will provide consistency in the provision and the delivery of community based programs and activities that could be run from sites such as Cove Sports and Community Club, the proposed Mitchell Park redevelopment and any other sites meeting the community delivery criteria to warrant such a placement.

This would also provide the opportunity to ensure effective and consistent performance in areas such as governance, financial reporting and controls, budgeting and strategic planning.

Appendix 1: Summary report for financial review of Cove Sports and Community Club